



File Code: 1010/1560/6540

Date: October 17, 2008

Subject: Payments to States

To: Regional Foresters

**FORWARDING ACTION DUE OCTOBER 20, 2008
REPLY DUE NOVEMBER 14, 2008**

The Secure Rural Schools and Community Self-Determination Act 2000 (P.L. 106-393) was amended and reauthorized for fiscal years 2008 through 2011 by section 601, Division C, of P.L. 110-343, which was signed by the President on October 3, 2008. As compared to P.L. 106-393, P.L. 110-343 contains significant changes in Title I but leaves Titles II and III largely intact. This letter sets forth the process for proper implementation of P.L. 110-343 (the "SRS Act") for the payments to States.

By **October 20, 2008**, please ensure that Forest Supervisors and appropriate State and county officials receive a copy of this letter and the enclosures. The Albuquerque Service Center (ASC) will contact State Treasurers directly. The Department of the Interior will provide a separate notice for payments to BLM counties.

By **November 14, 2008**, each State must submit to the Forest Service the following information: (1) each county's election to receive a share of the State payment under the SRS Act, or a share of the 25-percent payment; and (2) for each county that elects to receive a share of the State payment under SRS, the county's allocations for Title II and Title III projects. Counties in States that receive transition payments also must make these elections and allocations.

Each State should forward the requested information in a single submission, by mail or by fax, to the Forest Service at:

Mail
US Forest Service
Attn: Winona Gleason
Albuquerque Service Center, B&F
TSA & Other Collections
101B Sun Avenue NE
Albuquerque, NM 87109

FAX
(866) 343-2634

EMAIL/Phone
wgleason@fs.fed.us
505-563-7467

Payment Amounts

Section 102(a)(1) of the SRS Act directs the Secretary of the Treasury to pay each State or territory the sum of the amounts elected by the counties in that State for either: (1) a share of the State's 25-percent payment; or (2) a share of the State payment. In lieu of a State payment, section 103(b) requires that a transition payment be made to each covered State. The covered



States are California, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington.

The SRS Act contains the formulas for calculating a State payment and a covered State's transition payment. P.L. 110-343 also changed the way in which 25-percent payments are calculated. Using these formulas, the Forest Service has calculated the projected State payments, transition payments, and 25-percent payments. These calculations are posted on the Forest Service website at: <http://www.fs.fed.us/srs/> .

Briefly, section 101(a) contains the formula for calculating the State payment. (Under P.L. 106-393, this payment was the State's full payment amount, which was calculated using a different formula.) To calculate a State payment, the "adjusted share" for each eligible county within the State is multiplied by the "full funding amount" for the fiscal year (FY) for which the payment is made. The State payment is the sum of these amounts. The full funding amount decreases each fiscal year. Transition payments are made under section 103(b) using a different formula and are based on a State's "adjusted amount" that declines each fiscal year. A State's 25-percent payment is now based on a 7 year rolling average.

County Elections Under Section 102(b)

The calculations on the Forest Service website will assist the counties in making an informed decision about their payment elections. Under section 102(b)(1) of the SRS Act, a county must elect to receive: (1) a share of the State's 25-percent payment; or (2) a share of the State payment. For FY 2008 county election, we have extended the deadline for the counties to make their elections, and the States to submit them to the Forest Service. **States must submit county elections under section 102(b)(1) to the Forest Service by no later than November 14, 2008. If this deadline is not met, section 102(b)(1) provides that the county is considered to have elected to receive a share of the State payment.**

A county election to receive a share of the State's 25-percent payment is effective for the FY 2008 and FY 2009 payments. By August 1, 2010, counties that made this election must again choose whether to receive a share of the State payment or the State's 25-percent payment for FY 2010 and FY 2011, and the State must submit these elections to the Forest Service. In contrast, a county that elects to receive a share of the State payment, including an eligible county in a transition State that receives a share of the State's transition payment in lieu of the State payment, may not change its initial election.

County Allocations for Projects Under Title II and Title III

Section 102(d) of the SRS Act requires a county that elects to receive its share of the State payment (or its share of a transition payment, in the case of a county in a covered state) to spend no less than 80 and no more than 85 percent of the funds in the same manner as the 25-percent payments are expended. The county also is required to reserve the balance of its share for one or more of the following purposes: projects under Title II of the Act; projects under Title III; or the Treasury of the United States. A county that will receive less than \$100,000 (inclusive of a

county payment under section 102(a)(2)(B), if applicable), may elect to spend all of its funds in the same manner as the 25-percent payments are expended.

The SRS Act makes one significant change to the county allocations under P.L. 106-393. For an eligible county that receives \$350,000 or more as its share of the State payment (inclusive of a county payment under section 102(a)(2)(B), if applicable), the county may reserve no more than seven percent of its payment for Title III projects.

Under section 102(d)(3)(A), the deadline for the counties to make their elections is September 30, 2008, or as soon thereafter as the Secretary of Agriculture determines is practicable, and each September 30 thereafter. We have extended the deadline for the FY 2008 payment. **States must submit county allocations for Title II and Title III to the Forest Service by November 14, 2008. If a county does not submit its allocations by this deadline, the SRS Act requires that 15 percent of the county's share must be transferred to the Treasury.**

Resource Advisory Committee Recommendations for Title II Projects

Under sections 203(a) and 207(a), each Resource Advisory Committee (RAC) must submit projects that it proposes the Forest Service carry out using county allocations for Title II. Projects must be submitted by September 30, 2008, or as soon thereafter as the Secretary of Agriculture determines is practicable, for the payment for FY 2008, and each September 30 thereafter. We will be extending this deadline for the payment for FY 2008 to a date in calendar year 2009. The Forest Service will notify the RACs of the extension date and provide additional information concerning RACs in a separate letter.

As we implement the SRS Act, counties and States that have questions may contact their Forest Supervisor or Regional Forester. Forest Service personnel should direct their questions to Debra Whitall of the Partnership Office at 202-205-0967, or Marie-Louise (ML) Smith of Legislative Affairs at 202-205-1030.

The reauthorization of the Secure Rural Schools Act represents renewed and, in many cases, new opportunities, for counties, Resource Advisory Committees, and National Forests to work together to maintain infrastructure, improve the health of watersheds and ecosystems, protect communities, and strengthen local economies. We look forward to collaborating with communities to fully implement the Act.

/s/ Sally Collins for
ABIGAIL R. KIMBELL
Chief

cc: Associate Chief
Deputy Chiefs
Station Directors
Area Director

Enclosures

**FY 2008 PAYMENTS TO STATES ELECTION FORM
P.L. 110-343**

Contact Information:

Mail

US Forest Service
Attn: Winona Gleason
Albuquerque Service Center, B&F
TSA & Other Collections
101B Sun Avenue NE
Albuquerque, NM 87109

E-Mail/Phone

wgleason@fs.fed.us
505-563-7467

Fax

(866) 343-2634

State Name: _____

Preparer's Name: _____

Preparer's Phone Number: _____

Preparer's Address: _____

Preparer's E-Mail: _____

MUST BE RETURNED TO USFS NOT LATER THAN NOVEMBER 14, 2008

Instructions:

- Each county must elect to receive one of the following payments: (1) a share of the State's 25-percent rolling average payment in Column C, or (2) a share of the State payment (formula payment) in Column D. A county in California, Louisiana, Oregon, Texas, Pennsylvania, South Carolina, South Dakota, or Washington that elects Column D is electing to receive a share of the State's transition payment in lieu of the State payment (formula payment).
- For a county that elects Column C, no additional information is needed.
- For a county that elects Column D, the following additional information is needed:
 - If the county share of the State payment (or State transition payment) is greater than \$100,000 but less than \$350,000, the county must allocate a total of 15% to 20% of its share to Title II projects in Column E or to Title III projects in Column F. The total of percentage amounts in Columns E and F must be no less than 15% and no greater than 20%.
 - If the county share of the State payment (or State transition payment) is \$350,000 or greater, the county must allocate a total of 15% to 20% of its share to Title II projects in Column E or to Title III projects in Column F, except that the allocation for Title III projects may not exceed 7%. The total of percentage amounts in Columns E and F must be no less than 15% and no greater than 20%.
 - If the county share of the State payment (or State transition payment) is less than \$100,000, the county may, but is not required to, allocate its share in the same manner as a county with a share that is greater than \$100,000 but less than \$350,000.

Projected 'State Payment' and '25% fund payment' data may be found at: www.fs.fed.us/srs/

A	B	C	D	E	F	G
Entry No.	County Name	25% Rolling Average Election	Formula Payment Title I (100% or 80%-85%)	Formula Payment Title II	Formula Payment Title III	Formula Payment Total % (Must Equal 100%)
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30						

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(a)	(b)	(c)	(d)	(e)	(f)	(g)
Entry No.	County Name	25% Rolling Average Election	Formula Payment Title I (100% or 80%-85%)	Formula Payment Title II	Formula Payment Title III	Formula Payment Total % (Must Equal 100%)
31						
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